

Tax, Customs, and Social Security Resources Regularization Regime

June, 2024

On June 28th, the National Congress passed the "Law of Palliative and Relevant Fiscal Measures", which establishes a Regime for the Regularization of Tax Obligations, Customs Duties, and Social Security Resources (hereinafter the "Regularization Regime").

Below are the main aspects of the law:

a) Which obligations could be regularized?

Taxpayers and those liable¹ can adhere to the Regularization Regime from the effective date of the regulations issued by the Federal Administration of Public Revenues (known as AFIP for its Spanish acronym) and up to 150 calendar days thereafter.

Obligations that could be regularized include those overdue and/or infractions committed as of March 31, 2024, including:

- Those under dispute at the administrative level, National Tax Court, or before other courts, provided there is an acquiescence or withdrawal, waiving all rights (including repetition), and payment of costs. The acquiescence or withdrawal may be total or partial.
- Those for which a tax or economic criminal complaint has been filed, whose determination and enforcement have not been carried out and the statute of limitation has run its course.
- Those corresponding to Law No. 27,605 (Solidarity Contribution).
- Withholdings and perceptions not done or, if done, not paid to AFIP.
- Tax obligations overdue as of March 31, 2024, including payment plans that have expired, or not, as of that date.
- Fines for infractions under the Customs Code that are not determined based on import or export duties, excluding minor smuggling infractions.
- Any obligation not expressly excluded by the Law.

b) Which obligations are expressly excluded?

- Workers and employers contributions intended for the National Health Insurance System; special social security regime for domestic service employees and/or private household staff; RENATEA and RENATRE.
- Debts for installments intended for Workers' Risk Insurance.
- Contributions corresponding to those enrolled in the Simplified Regime for Small Taxpayers.
- Installments corresponding to Mandatory Life Insurance.

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¹ Jointly and severally liable parties may adhere to the Regularization Regime whether or not the claim for tax, customs or social security obligations corresponding to the principal debtor has been filed against them.

- Taxes and/or fines resulting from infractions to the Baggage Regime of the Customs Code.
- Compensatory and/or punitive interest, fines, and other accessories related to the concepts expressly excluded.
- Those declared bankrupt (without continuity of operations), those convicted (with a conviction confirmed in the second instance before the law comes into force) for customs, tax, or common crimes.
- Legal entities whose managing partners, directors, trustees, members of the supervisory board, or those holding equivalent positions have been convicted (with a conviction confirmed in the second instance) for the aforementioned crimes.
- Withholding and perception agents with an unappealable indictment and the case referred to oral trial for the commission of the crimes of undue appropriation of taxes and social security resources collected or withheld.

c) Effects of adherence to the Regularization Regime:

- Ongoing tax, customs, and social security criminal actions will be suspended, and the criminal statute of limitation period will be interrupted even if no criminal complaint has been filed.
- Formal fines for infractions committed up to April 30, 2024, that are not final or paid will be waived, provided that the respective formal obligation has been fulfilled before the deadline for adherence.
- Substantial fines for infractions committed up to April 30, 2024, that are not final at the date the Law comes into force, and whose main obligation has been settled by that date, will be waived.
- A 50% reduction in the fees corresponding to the public prosecutors if adherence to the Regularization Regime is made within the first 90 calendar days from the effective date of the regulations of the Law.
- Full waiver of compensatory and/or punitive interest related to tax obligations, provided they have been settled before March 31, 2024. The waiver will also apply to interest on ordinary and/or extraordinary advances and/or prepayments that ceased to be enforceable upon submission of the tax return before the law comes into force.
- Removal of the taxpayer's registration from REPSAL.
- Waived fines will not constitute a precedent for recidivism.
- In cases of debts in judicial execution credited in records, adherence to the Regularization Regime once the judicial resolution confirming the settlement is firm, the judge may be requested to file the proceedings.
- Adherence to this Regularization Regime for customs tax obligations implies the novation of these obligations and their conversion to Argentine currency at the buying exchange rate according to the quotation of the Banco de la Nación Argentina on the day before the adherence date.
- It also implies the waiver to initiate repetition and/or reimbursement actions for regularized tax and customs obligations and social security resources.

d) Effects of full debt cancellation:

Full debt cancellation will result in the extinction of tax or customs criminal action provided there is no final judgment at the cancellation date.

Similarly, criminal action will be fully extinguished if obligations are settled before the Regularization Regime comes into force, as long as there is no final judgment at that date.

For infractions under the Customs Code, the cancellation of these taxes will result in the extinction of the customs criminal action without recording the antecedent.

For customs infractions not determined based on import or export duties, the payment of the minimum fine established for those infractions will result in the extinction of the customs criminal action without recording the antecedent.

e) Payment methods (and associated benefits):

There are two payment methods: (i) in cash or (ii) through a payment plan. In all cases, 100% of the applied fines will be waived; while the waiver of compensatory and punitive interest will depend on the chosen payment method and the date of adherence (based on the calendar days elapsed since the regulations issued by AFIP took effect).

- Adherence to the Regularization Regime within the first 30 calendar days will imply a waiver of 70% of compensatory and punitive interest accrued to the adherence date, provided payment is made in cash or through a payment plan of up to 3 monthly installments.
- Adherence to the Regularization Regime from 31 to 60 calendar days will imply a waiver of 60% of compensatory and punitive interest accrued to the adherence date, provided payment is made in cash or through a payment plan of up to 3 monthly installments.
- Adherence to the Regularization Regime from 61 to 90 calendar days will imply a waiver of 50% of compensatory and punitive interest accrued to the adherence date, provided payment is made in cash or through a payment plan of up to 3 monthly installments.
- Adherence to the Regularization Regime within the first 90 calendar days will imply a waiver of 40% of compensatory and punitive interest accrued to the adherence date if settled through a payment plan.
- Adherence to the Regularization Regime from 91 calendar days will imply a waiver of 20% of compensatory and punitive interest accrued to the adherence date if settled through a payment plan.

In the latter two cases, taxpayers or liable parties must adhere to certain conditions based on whether they are individuals, Micro and Small Enterprises, Medium Enterprises, or other taxpayers, and must make an initial payment equivalent to 20%, 15%, 20%, or 25% of the debt and up to 60, 84, 48, or 36 monthly installments respectively for the remaining debt balance, with a financing interest rate based on the rate set by Banco de la Nación Argentina for commercial discounts.

In the case of payment plans for tax obligations overdue as of March 31, 2024, provided they are in force as of that date, they will have the effect of: (i) maintaining the original consolidation date; (ii) waiving 30% of compensatory and punitive interest accrued to the original consolidation date; (iii) being regularized through one of the methods described in the first three points of this chapter.

f) Consequences of the payment plan expiration:

The expiration of the payment plan will result in the resumption of tax or customs or social security criminal action, as the case may be, or will enable AFIP to file

the corresponding criminal complaint if the adherence occurred before the respective complaint. It will also result in the start of the tax and/or customs and/or social security criminal prescription period.

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